



STATE OF DELAWARE

OFFICE OF AUDITOR OF ACCOUNTS

R. THOMAS WAGNER, JR., CGFM, CFE
AUDITOR OF ACCOUNTS

PHONE: (302) 739-4241
FAX: (302) 739-2723

April 11, 2006

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Mr. Edward J. Emmett, Jr.
Director
Positive Outcomes Charter School
193 South DuPont Highway
Camden, DE 19934

Dear Secretary Woodruff and Mr. Emmett:

SUBJECT: FINAL REPORT ON POSITIVE OUTCOMES CHARTER SCHOOL

We have completed an agreed-upon procedures attestation engagement of Positive Outcomes Charter School (the School). The engagement included student accounting and enrollment as of September 30, 2005. The purpose of the engagement was to determine the Charter School's compliance with specific laws and to report findings as a result of procedures performed.

I trust the information contained therein will be helpful and informative.

Sincerely,

OFFICE OF ~~AUDITOR~~ OF ACCOUNTS

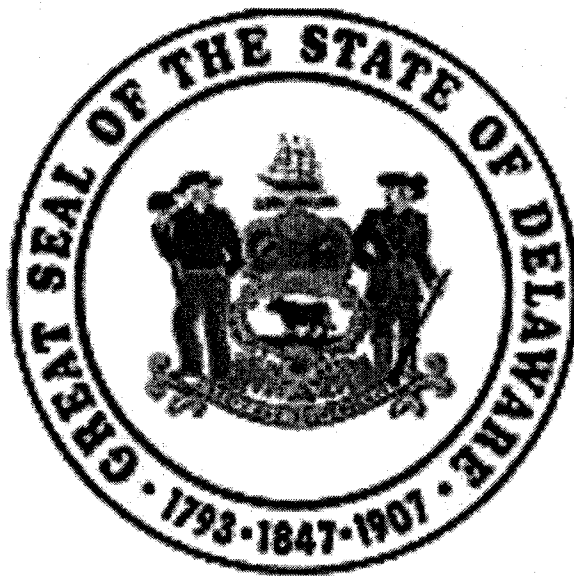
R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

RTW:LLS:CLF
Enclosure

**STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS**

**POSITIVE OUTCOMES CHARTER SCHOOL
AGREED-UPON PROCEDURES
ATTESTATION ENGAGEMENT**

**STUDENT ACCOUNTING AND ENROLLMENT AS OF
September 30, 2005**



**R. THOMAS WAGNER, JR., CGFM, CFE
AUDITOR OF ACCOUNTS**

TABLE OF CONTENTS

<i>Independent Auditor's Report on Agreed Upon Procedures</i>	<i>1</i>
<i>Schedule of Findings</i>	<i>3</i>
<i>Distribution of Report</i>	<i>6</i>



STATE OF DELAWARE

OFFICE OF AUDITOR OF ACCOUNTS

R. THOMAS WAGNER, JR., CGFM, CFE
AUDITOR OF ACCOUNTS

PHONE: (302) 739-4241
FAX: (302) 739-2723

Independent Auditor's Report
on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Mr. Edward J. Emmett, Jr.
Positive Outcomes Charter School
193 South DuPont Highway
Camden, DE 19934

Dear Secretary Woodruff and Mr. Emmett:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Positive Outcomes Charter School (the School). The procedures were performed solely to assist the specified parties in evaluating the School's compliance and the effectiveness of the School's internal control over compliance with State laws and regulations in regard to Student Accounting and Enrollment. Procedures were performed for Student Accounting and Enrollment as of September 30, 2005. Management of the School is responsible for the School's compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

- Determine if the Charter School's policies and procedures for preparing, reviewing and reporting the September 30th student count are adequate.
- Determine if the Charter School reported the correct number of eligible students to the Department of Education (DOE) and calculated the dollar impact of disallowed students, if applicable.

The Honorable Valerie A. Woodruff
Mr. Edward J. Emmett, Jr.
Page 2
April 11, 2006

- Selected ten percent (or a minimum of five) "Individualized Education Program" (IEP) files at the Charter School and verified that each file contained the required documentation in accordance with DOE's Administrative Manual for Special Education Services and calculated the dollar impact of disallowed students, if applicable.
- Selected ten percent (or a minimum of five) student files enrolled in the Cooperative Education Program and Diversified Occupation Programs and confirmed that the students' files contained required documentation in accordance with the DOE's Administrative Directives. Calculate the dollar impact of disallowed students, if applicable.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of DOE and the School and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Comptroller General, Attorney General, Office of Management and Budget and the Department of Finance.

Sincerely,

~~OFFICE OF~~ AUDITOR ~~OF~~ ACCOUNTS

R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

RTW:LLS:CLF

Engagement fieldwork completed
February 21, 2006

SCHEDULE OF FINDINGS

Procedure Agreed Upon #1

Determine if the Charter School's policies and procedures for preparing, reviewing and reporting the September 30th student count are adequate.

Finding:

The School did not have teachers sign the attendance registers for the ten-day count period.

The School utilized the Department of Education's (DOE) eSchoolPlus system to document attendance for reporting September 30, 2005 student enrollment. This was the first year that the School utilized eSchoolPlus for attendance reporting. The most recent audit of the eSchoolPlus system dated December 8, 2005, identified control weaknesses "posing a risk of unauthorized access, compromise of data integrity, and potential processing issues". As a result AOA could not rely on the eSchoolPlus system maintained by the Department of Education (DOE) for attendance records.

The DOE publication entitled 'Technical Manual - Unit Count Details in eSchoolPlus' indicates on page 5 that "End-of-Day Teacher Status report will serve as the teacher's validation of students in their class or homeroom. Teachers are required to sign off on this report after verifying." This manual verification and signature by the teacher serves as an authorization control.

Without additional manual procedures in place to ensure the accuracy of the attendance during the ten-day period, the auditors cannot ensure the accuracy of the September 30th student count.

Recommendation:

We recommend that POCS ensure that the End of Day Teacher Status Report be prepared, signed and dated to document attendance in accordance with DOE guidance for the ten-day count period in September of each year until DOE has resolved all issues with eSchoolPlus by implementing corrective measures.

We recommend that DOE formally notify all schools utilizing eSchoolPlus for tracking attendance that they are required to have the teachers verify and sign the End of Day Teacher Status report for the "10-day count period" and that they are required to maintain the signed documentation. This process should be continued until all issues identified in the eSchoolPlus audit report, dated December 8, 2005, have been resolved as per DOE's corrective action plan and verified as implemented by the AOA.

Auditee Response

The DOE publication titled 'Technical Manual – Unit Count Details in eSchoolPlus' was not readily available to all schools. This document was only sent to districts that used

SCHEDULE OF FINDINGS

eSchoolPlus for the Unit Count. The Charter School's first receipt of this manual was on March 20, 2006, when the Director requested it. This document was not available on any DOE websites searched by the Director. This manual was also not presented during any of the training sessions nor was this information available in the DOE Manual for the September 30th Count Procedures.

The Charter School will comply with the recommendation, by having all teacher's print and sign the End of Day Teacher Status report for the ten-day count period, in the future.

Finding

The School does not have sufficient written internal policies and procedures governing the preparation, review and reporting of the September 30th student count.

The State of Delaware Budget and Accounting Policy Manual states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the manual states, "Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organizational operation." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met."

The School utilizes written September 30th procedures, however they are not sufficient to ensure the completeness, accuracy, and timelines of the student enrollment count. Lack of sufficient policies and procedures may result in an inaccurate student count at September 30th.

Recommendation

The School should further develop and implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to DOE. These policies and procedures should incorporate information such as:

- Attendance taking methodology
- Verification of attendance by teachers and upper level administrator
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.)
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks, and objectives, etc.)
- Reference to pertinent rules and regulations stipulated by DOE and/or Delaware Code
- Record retention policy

SCHEDULE OF FINDINGS

Auditee Response

Positive Outcomes Charter School will develop and implement policies and procedures as recommended by the Auditor's office. These policies and procedures will be based on the checklist that was provided to the school's administration. This checklist outlines what are the necessary components of a well rounded September 30th student enrollment policy.

This policy will be drafted by the School's Director and submitted to and approved by the Positive Outcomes Charter School Board of Directors by August 15th, 2006.

Positive Outcomes Charter School would like to thank the Auditor's office for providing quality feedback on the improvement of our September 30th policies and procedures.

DISTRIBUTION OF REPORT

Copies of the Charter School's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Jennifer Davis, Budget Director, Office of Management and Budget
The Honorable Richard Cordrey, Secretary, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Carl C. Danberg, Attorney General, Office of the Attorney General

Other

Ms. Jean W. Allen, President, State Board of Education
Ms. Dorcell S. Spence, Associate Secretary of Education, Finance and Administrative Services Branch, Department of Education
Mr. Jerry Gallagher, Director, Financial Management, Department of Education
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance
Ms. Emily Boulden, President, Board of Education, Positive Outcomes Charter School

This report is also available at no charge on the Office of Auditor of Accounts website at www.state.de.us/auditor/index.htm or by requesting a copy in writing to:

State of Delaware
Office of Auditor of Accounts
Townsend Building, Suite 1
401 Federal Street
Dover, DE 19901